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STRENGTHENING OF THE COORDINATION OF HUMANITARIAN AND DISASTER RELIEF ASSISTANCE OF THE UNITED NATIONS, INCLUDING SPECIAL ECONOMIC ASSISTANCE: ASSISTANCE TO THE PALESTINIAN PEOPLE

ECONOMIC AND SOCIAL COUNCIL
Substantive session of 1996
Item 5 (c) of the provisional agenda**
SOCIAL, HUMANITARIAN AND HUMAN RIGHTS QUESTIONS: REPORTS OF SUBSIDIARY BODIES, CONFERENCES AND RELATED QUESTIONS: IMPLEMENTATION OF THE DECLARATION ON THE GRANTING OF INDEPENDENCE TO COLONIAL COUNTRIES AND PEOPLES BY THE SPECIALIZED AGENCIES AND THE INTERNATIONAL INSTITUTIONS ASSOCIATED WITH THE UNITED NATIONS

Letter dated 6 June 1996 from the Chairman of the Committee on the Exercise of the Inalienable Rights of the Palestinian People addressed to the Secretary-General

I have the honour to draw your attention to the Seminar on Assistance to the Palestinian People, convened by the Committee on the Exercise of the Inalienable Rights of the Palestinian People in accordance with its mandate to promote international support for and assistance to the Palestinian people during the transitional period. The Seminar was held from 21 to 23 June 1996 at Cairo.

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The Seminar provided the framework for an exchange of views on various aspects of the current challenges facing the Palestinian people in its efforts to rehabilitate and develop the economy, and on the role of international assistance in that regard. The Seminar was attended by donor and other Governments, intergovernmental organizations, organizations and entities of the United Nations system, officials of the Palestinian Authority and non-governmental organizations active in the field, as well as experts. The Committee considers that the Seminar was a useful gathering and hopes to have made a constructive contribution to international efforts aimed at promoting the economic and social development of the Palestinian society during the transitional phase. The Committee also believes that ensuring the viability and advancement of the Palestinian economy is a key to a just and lasting peace in the region.

I have the honour to attach for your information the report of the Seminar (see annex). I should be grateful if you would have the text of the present letter, together with the report, circulated as a document of the General Assembly, under item 21 (e) of the preliminary list, and of the Economic and Social Council, under item 5 (c) of the provisional agenda.

(Signed) Ibra Deguène KA
Chairman
Committee on the Exercise
of the Inalienable Rights
of the Palestinian People

ANNEX

Report of the United Nations Seminar on Assistance to the Palestinian People, held at Cairo from 21 to 23 May 1996

Building the Palestinian economy

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I. INTRODUCTION

A. Organization of the Seminar

1. The Seminar on Assistance to the Palestinian People was convened by the Committee on the Exercise of the Inalienable Rights of the Palestinian People in accordance with its mandate to promote international support for and assistance to the Palestinian people during the transitional period. The Seminar was held from 21 to 23 May 1996 in Cairo.

B. Participation

2. The Committee on the Exercise of the Inalienable Rights of the Palestinian People was represented by a delegation comprising Mr. Ibra Deguène Ka (Senegal), Chairman; Mr. Ravan A. G. Farhadi (Afghanistan), Vice-Chairman, Mr. Joseph Cassar (Malta), Rapporteur; Mr. Pedro Nuñez Mosquera (Cuba); and Mr. Nasser Al-Kidwa (Palestine). The Committee Chairman served as Chairman of the Seminar and the Committee Rapporteur as the Rapporteur of the Seminar.

3. Invitations to participate in the Seminar were extended to Governments, intergovernmental organizations, organizations and agencies of the United Nations system, and non-governmental organizations. A number of experts were invited to make presentations at the Seminar.

4. The following Governments were represented at the Seminar: Afghanistan, Algeria, Armenia, Australia, Austria, Bahrain, Belgium, Bolivia, Bulgaria, Burkina Faso, China, Côte d'Ivoire, Croatia, Cuba, Cyprus, Czech Republic, Ecuador, Egypt, Eritrea, Finland, France, Greece, Honduras, Hungary, India, Indonesia, Italy, Japan, Jordan, Kazakstan, Kenya, Malaysia, Mali, Malta, Mexico, Morocco, Nepal, Norway, Pakistan, Poland, Portugal, Qatar, Republic of Korea, Romania, Russian Federation, Saudi Arabia, Senegal, Slovakia, South Africa, Spain, Sri Lanka, Sudan, Sweden, Switzerland, Thailand, Tunisia, Turkey, Ukraine, United Kingdom of Great Britain and Northern Ireland, Uruguay, Yemen and Zaire.

5. The following organizations, agencies and other entities of the United Nations system participated in the Seminar: United Nations Educational, Scientific and Cultural Organization (UNESCO), International Labour Organization (ILO), United Nations Children's Fund (UNICEF), United Nations Conference on Trade and Development (UNCTAD), United Nations Development Programme (UNDP), United Nations Institute for Training and Research (UNITAR), United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA), Office of the United Nations Special Coordinator in the Occupied Territories, Office of the United Nations High Commissioner for Refugees (UNHCR), United Nations Commission on Human Settlements (Habitat), United Nations Environment Programme (UNEP), United Nations Industrial Development Organization (UNIDO), World Bank, World Health Organization (WHO), United Nations Information Centre (Cairo) and Food and Agriculture Organization of the United Nations (FAO).

6. The following intergovernmental organizations were represented at the Seminar: Arab Administrative Development Organization, the European Union and the League of Arab States.

7. The delegation of Palestine took part in the work of the Seminar.

8. The following experts presented papers: Mr. Taha Abdel Aleem, Deputy Director, Al-Ahram Centre for Political and Strategic Studies, Cairo; Mr. Marwan Abdul Hamid, Assistant Deputy Minister, Ministry of Housing and Public Works, Palestinian Authority; Mr. Mahmoud Ahmad Al Takruri, Deputy Regional Manager, Cairo-Amman Bank, Ramallah; Mr. James S. Duesenberry, Professor, John F. Kennedy School of Government, Harvard University; Mr. Jean-Michel Dumont, Secretary-General, Parliamentary Association for Euro-Arab Cooperation; Mr. Nabil El-Sherif, Deputy Managing Director, Palestinian Economic Council for Development and Reconstruction, Gaza, and Director, Palestinian Water Authority; Mr. Geoffrey Haley, Aid Coordinator for Technical Assistance, Office of the European Union (EU) to the West Bank and Gaza; Mr. Said Hammoud, Secretary, Founding Committee of Salam International Investment; Mr. Milad Hanna, former Chairman, Committee on Housing and Construction, Egyptian Parliament; Mr. Walid Hasna, Chief Engineer, United Nations Development Programme (UNDP)/Programme of Assistance to the Palestinian People; Mr. Samir Huleileh, Assistant Deputy Minister, Ministry of Economy, Trade and Industry, Palestinian Authority; Mr. Odin G. Knudsen, Resident Representative and Programme Manager, West Bank and Gaza, Resident Mission, the World Bank; Mr. Robert Z. Lawrence, Professor of International Trade, Institute for Social and Economic Policy in the Middle East, Harvard University; Ms. Ghania Malhees, Assistant Deputy Minister, Ministry of Economy, Trade and Industry, Palestinian Authority; Mr. Ahmad Mashal, Director, Research Department, Palestinian Monetary Authority; Mr. Yousef Mahmoud Najem, Palestine Chamber of Commerce, Gaza Strip; Mr. James Ryan, Chairman, Shahrazad Homes; Mr. Henry Siegman, Director, US/Middle East Project, and Senior Fellow, Council on Foreign Relations, New York; Mr. Ali Sha'at, Assistant Deputy Minister, Ministry of Planning and International Cooperation, Palestinian Authority; Mr. Hanspeter Tschäni, Senior Advisor, Swiss Trade Initiative for the Middle East and North Africa; and Mr. Mohamed M. Ziara, Director-General, Ministry of Housing and Public Works, Palestinian Authority. Mr. Nadav Halevi, Professor of International Trade at the Hebrew University, who accepted the invitation to participate in the Seminar, could not attend because of unforeseen circumstances. His paper was made available to participants.

9. The following non-governmental organizations attended the meeting: Afro-Asian Peoples' Solidarity Organization, Arab Organization for Human Rights, Arab Network for Environment and Development, Asian Regional Coordinating Committee on Palestine, Ibn Khaldoun Centre for Development Studies, Presbyterian Church (USA), Welfare Association and Society for Upgrading the Built Environment.

C. Agenda

10. The purpose of the Seminar was to provide the framework for an expert discussion on the various aspects of international assistance to the Palestinian

people, problems of the reconstruction of the Palestinian economy, as well as the Palestinian institution- and nation-building in the wake of the important developments, which have taken place since June 1995, when the Committee on the Exercise of the Inalienable Rights of the Palestinian People held its last similar event at UNESCO Headquarters in Paris.

11. In the plenary sessions and in the course of the round-table discussions, the participants addressed the following general themes:

(a) Building the Palestinian economy - challenges and prospects;

(b) International assistance to the Palestinian people: experience and perspective;

(c) Trade sector;

(d) The role of the financial institutions;

(e) The housing sector.

D. Opening of the Seminar

12. At the opening session, a statement was made by Mr. Mohamed Adel El Safty, First Under-Secretary, Ministry of Foreign Affairs of Egypt. A statement on behalf of the Secretary-General of the United Nations was read out by his representative, the Commissioner-General of UNRWA, Mr. Peter Hansen. Statements were made by Mr. Ibra Deguène Ka, Chairman of the Committee on the Exercise of the Inalienable Rights of the Palestinian People, Mr. Zuhdi Nashashibi, the Minister of Finance of the Palestinian Authority and President of the Palestine National Fund and Mr. Said Kamal, Assistant Secretary-General of the League of Arab States (LAS).

13. In his statement, Mr. Mohamed Adel El Safty, First Under-Secretary of the Ministry of Foreign Affairs of Egypt, expressed Egypt's deep appreciation of the United Nations efforts to support Palestinian rights and to assist the Palestinian people. Significant progress had been registered in the peace process and Egypt would continue to contribute towards its consolidation. The process, however, was still vulnerable and could be derailed if the challenges it still faced were not treated in a coordinated manner. A strengthened and developed Palestinian economy was an integral part of the peace process. Though aid was important at the current stage of its development, the consolidation of trade was the only guarantee for its continued and sustainable growth and the generation of employment. Mr. El Safty urged the international community to assist the Palestinian people in achieving a qualitative shift in their economy through a "double-focus" approach. Commenting on the closures of the Palestinian territory and their political and economic impact, he said that they represented measures conflicting with the peace process.

14. In the statement read on behalf of the Secretary-General of the United Nations by his representative, the Commissioner-General of UNRWA, Mr. Peter Hansen, the Secretary-General emphasized the importance of the

agreements reached between Israel and the Palestine Liberation Organization (PLO) since 1993 and expressed the hope that those achievements would encourage progress in the crucial stage of Israeli-Palestinian negotiations, which had begun in early May, as well as on the Israeli-Syrian and Israeli-Lebanese tracks. Also, the recent cease-fire agreement in Lebanon augured well for the resumption of negotiations and was essential for the attainment of a comprehensive, just and lasting settlement based on United Nations Security Council resolutions 242 (1967) and 338 (1973) and the establishment of real peace in the area. Over the past few months, the Secretary-General had, on several occasions, expressed outrage at acts of violence aimed at derailing the peace process. He had also expressed deep concern over the deterioration of the Palestinian economy as a result of the Israeli closure of the West Bank and the Gaza Strip. The programmes and agencies of the United Nations system would continue to provide all possible assistance towards the achievement of the sustainable economic and social development of the Palestinian people. As regards implementation of General Assembly resolutions on assistance to the Palestinian people, the Secretary-General emphasized the need for an effective and integrated approach on the ground through the close cooperation of the Special Coordinator, UNDP, and UNRWA. The transfer of UNRWA headquarters to Gaza should give further impetus to that process.

15. Mr. Ibra Deguène Ka, Chairman of the Committee on the Exercise of the Inalienable Rights of the Palestinian People, said that the Committee welcomed the breakthrougns in the Israeli-Palestinian track, the Palestinian elections of 20 January 1996 and the timely start of the final status negotiations in Taba. The Committee greatly appreciated the efforts by donor Governments, the Bretton Woods institutions and other intergovernmental and non-governmental organizations to assist the Palestinian people in reconstruction and development. He said the Committee had expressed great concern at the closure by the Israeli authorities of the Palestinian territory, including Jerusalem. In addition to delays in the implementation of the agreements, the Palestinian people had also been held back in its nation-building efforts by the slow progress in the disbursement of the assistance funds pledged by the donor community. Also, while trying to reconstruct their economy and lay the foundations for their future State, the Palestinians were aware of the need for eventual integration into a larger economic context and developing mutually beneficial ties with countries of the Middle East, North Africa and the Mediterranean basin. He emphasized that the Committee had given special attention to the promotion of international assistance to the Palestinian people and the convening of the Seminar devoted to the issue.

16. In his statement, Mr. Zuhdi Nashashibi, Minister of Finance of the Palestinian Authority and President of the Palestine National Fund, underlined the importance of progress in the final status negotiations. They were crucial and none of the parties involved could afford any mistake in the talks. The speaker was grateful to the international community and to the World Bank and the Bretton Woods institutions for their assistance. Their aid was of great importance in laying the foundations of a sound and sustainable economy. Referring to the closures by Israel of the Palestinian territory, he said that they could result in a dramatic increase of the budget deficit and would hinder the Palestinian Authority's progress in the economic area. The losses caused by the closure measures cost the Palestinian Authority US$ 6 million a day.

17. Mr. Said Kamal, Assistant Secretary-General of LAS said that any political solution for the Palestinian issue must be accompanied by crucial solutions in the economic area. Attaching importance to higher education in the West Bank and the Gaza Strip, LAS was endorsing the idea of establishing a Palestine Arab University as a collective endeavour by the Arab States. The World Bank and other donors had expressed interest in its establishment.

II. PLENARY SESSION: BUILDING THE PALESTINIAN ECONOMY - CHALLENGES AND PROSPECTS

18. The plenary session, entitled "Building the Palestinian economy - challenges and prospects", was reserved for statements by representatives of donor countries and other Governments, intergovernmental and national organizations, non-governmental organizations and organizations and entities of the United Nations system.

19. Statements were made by representatives of Palestine, UNRWA, the Office of the United Nations Special Coordinator in the Occupied Territories, the United Kingdom of Great Britain and Northern Ireland, Indonesia, Norway, Finland, Jordan, UNDP, UNESCO, FAO, UNEP, UNICEF, Habitat and Mr. K. M. Khan, MP, on behalf of non-governmental organizations from India, and the Asian Coordinating Committee for NGOs on the Question of Palestine.

20. In the statements, details were given on the projects being undertaken both in setting up infrastructures and promoting growth in different areas of the economy. The important contribution of the United Nations entities ensured continuity in certain areas and new openings in others. The required coordination of bilateral and multilateral programmes was satisfactory and efforts to avoid overlap or duplication of the various activities were giving the desired results.

III. SUMMARY OF PRESENTATIONS

Round-table discussions

Round table I. International assistance to the Palestinian people: experience and perspectives

21. The round table was moderated by Mr. Robert Z. Lawrence.

22. Mr. Odin G. Knudsen, Resident Representative and Programme Manager, West Bank and Gaza Resident Mission, the World Bank, addressed the issue of international assistance to the Palestinian people. He said that a series of Israeli-Palestinian agreements had marked the peace process, bringing with them additional but partial responsibilities to the Palestinian Authority. Although all of the agreements were important in that they moved the political agenda forward, none were sustainable in themselves and required the support of the donors not just for investments but also for the budget. To support the private economy, two instruments were to be used: the donor investment programme and the trade and employment relations as outlined in the economic protocol

accompanying the Gaza-Jericho Agreement. He discussed the present state of economic relations between Israel and the Palestinian Authority and models of economic interaction between them.

23. Ms. Ghania Malhees, Assistant Deputy Minister, Ministry of Economy, Trade and Industry, Palestinian Authority, said in her presentation that international assistance, while forthcoming, had been very limited when measured against basic needs and had been insignificant compared to the extremely high costs of the alternatives should the peace process not succeed. That assistance, however, did play a crucial role in expanding mutual interests, which was needed for the peace process and for peaceful coexistence. She spoke about the international assistance programme and performance assessment, highlighting the issues that had arisen from the implementation of the programme and which reflected negatively on the credibility of the peace process.

24. The presentation of Mr. Nabil El-Sherif, Deputy Managing Director of the Palestinian Economic Council for Development and Reconstruction, Gaza, and Director, Palestinian Water Authority, focused on the issues of water supply and job creation in the West Bank and the Gaza Strip. He said that the water supply problem had three components: the lack of efficient management of the present water sources; the shortage of water in relation to demand; and the poor quality of water. He also described the present water supply situation. On the job creation issue, he explained the progress in the programme of job creation, which has been in place since 1995. He stressed that the United Nations had an important role to play in coordinating the job creation projects. The World Bank was also coordinating the managing of the rehabilitation, job creation and water programmes.

25. Mr. Henry Siegman, Director, US/Middle East Project, and Senior Fellow, Council on Foreign Relations, New York, in his presentation, cautioned against excessive pessimism with respect to the present situation on the ground. He observed that one of several factors that prevented greater economic success before the latest closures of the Palestinian territory was the elaborate structures and procedures established by the international community to plan and manage the flow of development assistance. It was entirely predictable that, in their intermediary role, those structures and procedures would not only cause interminable delays but would also absorb a not inconsiderable proportion of the resources. Far more money had been disbursed to experts and consultants for feasibility studies than to Palestinians in the West Bank and the Gaza Strip. There was a need for a simplification of the intermediary structures and procedures. He was of the view that, perhaps, the idea of an Israeli mini Marshall Plan, first put out by a group of Israeli economists, was one whose time had now come. He also described the work on the issue of international assistance carried out by the Council on Foreign Relations.

26. Mr. Geoffrey Haley, Aid Coordinator for Technical Assistance, Office of EU to the West Bank and Gaza, said that since the summer of 1992 EU had stepped up its assistance to the Palestinians and had been involved in efforts to support the budget deficit. There was a need to improve the way the aid was disbursed and implemented. He emphasized that sustainable employment was of special importance to the Palestinians.

Round table II. Trade sector

27. The round table was moderated by Mr. James S. Duesenberry.

28. Mr. Robert Z. Lawrence, Professor of International Trade at Harvard University, discussed aspects of the Palestinian trade strategy, including the issue of free trade with Israel and Arab countries. Special focus was placed on regional trade arrangements. He outlined advantages and disadvantages of the Israeli-Palestinian customs union. An alternative to the customs union might be a free trade area between Israel and the Palestinian Authority, which could ease the problem revenue attribution, mitigate trade diversion by lowering tariffs on imports and provide for additional relationships with other countries. He favoured the customs union because of its simplicity, a reduction in the diversion of trade, as Israeli tariffs were continuously being liberalized and because it would save on the need to police borders. He also tackled the issue of protocol trade. For the future, instead of proceeding by concluding separate bilateral agreements, a free trade agreement should be concluded among the triad of Israeli, Jordanian and Palestinian economies and eventually be extended to include Egypt, Lebanon, the Syrian Arab Republic and other countries.

29. Mr. Samir Huleileh, Assistant Deputy Minister, Ministry of Economy, Trade and Industry, Palestinian Authority, discussed the economic protocol between the Palestinian Authority and Israel, describing it as an "awkward compromise" designed to survive the five-year transitional period. On the other hand, the protocol enabled the Palestinian Authority to open direct trade links with the Arab and Islamic countries. He said that opening up the international borders and the internal linkages between the West Bank and the Gaza Strip should be the first priority, while the issue of the closure of the territory from Israel should be the second priority for the Palestinians.

30. In his presentation, Mr. Hanspeter Tschäni, Senior Advisor at the Swiss Trade Initiative for the Middle East and North Africa, discussed the Israeli-Palestinian agreements in the economic area with special emphasis on the Paris Agreement. He examined trade and trade-related issues in the agreement, including its nature, trade and economic relationship between Israel and the Palestinian Authority, and external relations of the two parties. He concluded by saying that the objectives of the preamble had not been fulfilled since the signing of the Paris Agreement. Security considerations prevailed over economic ones. While Israel experienced an economic boom, economic activity in the West Bank and the Gaza Strip faced a net loss over the past two years and the near-total closure of the Israeli market for the West Bank and the Gaza Strip products and workers made matters even worse. In the Paris Agreement, the approach chosen was that of a mixed arrangement under the name of a customs union and the predominance of the Israeli trade regime. He outlined several inconsistencies with regard to that approach, the trade provisions of the agreement and their implementation.

31. In his presentation, Mr. Jean-Michel Dumont, Secretary-General of the Parliamentary Association for Euro-Arab Cooperation, described trade relations between the Palestinian territory and EU. He recalled the various regulations on trade with the occupied West Bank and the Gaza Strip adopted by EU (European Community, at the time) since 1986, which served as the legal framework for such

trade, and focused on the contents of those regulations, outlining some present problems and obstacles to trade, as well as the prospects for the development of trade between EU and the Palestinian Authority. He concluded by saying that, despite the political importance of EU trade regulations, the Palestinians had to explore other markets.

32. In his presentation, Mr. Taha Abdel Aleem, Deputy Director, Al-Ahram Centre for Political and Strategic Studies, Cairo, examined the economic motives for peace in the region from the Arab perspective. The Israeli-Palestinian Declaration of Principles was a major step towards peace with Israel. It brought about the possibility of Arab-Israeli economic cooperation whereby the Arab side accepted, for the first time, the notion of Arab-Israeli regional economic integration. He then described the ways the Arab-Israeli interaction could be developed. The speaker gave a detailed outline of the three perspective scenarios for the Middle Eastern market: the restricted market scenario, the common market and the open market.

33. Mr. Yousef Mahmoud Najem of the Palestine Chamber of Commerce, Gaza Strip, said that the only viable trade strategy for the Palestinian economy would be to concentrate on external markets, those which supported the export of Palestinian products. He described the situation with regard to the agricultural and industrial sectors and the current status of the Israeli-Palestinian economic agreement of April 1994. He also stressed that the establishment of an independent economy and sustainable economic development would necessarily require a diversified production base, free trade relations with Israel and the transformation from dependency on exporting the labour force to production and exports to foreign markets.

Round table III. The role of the financial institutions

34. The round table was moderated by Mr. Hanspeter Tschäni.

35. In his presentation, Mr. Ahmad Mashal, Director of the Research Department of the Palestinian Monetary Authority, spoke about the role of the financial sector in the development of the Palestinian economy. On the issue of the development of banking operations in the West Bank and the Gaza Strip, he said that the principal data indicated a substantial growth in bank assets in the territory. He outlined the functions assigned to the Palestinian Monetary Authority and explained how it operated. Having characterized the current state of the Palestinian economy, the speaker described the participation of Palestinian financial institutions in the economic development and in formulating a development strategy for the financial sector.

36. Mr. James S. Duesenberry, Professor Emeritus of Money and Banking at Harvard University, said that the West Bank and the Gaza Strip now had a very limited financial sector, with a dozen or so banks having wide powers and capable of undertaking all the functions appropriate to depository banks. There had been a substantial inflow of deposits and an increase in lending. The growth of lending was now inhibited by a limited profitability of investment; the reluctance of banks to take long-term commitments because of risks imposed by uncertainty over future political and economic conditions; the inability to

obtain clear titles to real estate needed for collateral; and lack of use of chattel mortgages by banks in financing vehicles and equipment. As regards structural changes, bank supervisors should press for legal changes required for the operation of equipment finance and leasing companies in order to provide competition and encourage lending to new firms. Once banks were more or less loaned up, the Palestinian Monetary Authority should encourage development of an inter-bank market in very short-term funds. On the long-term markets, he addressed the issues of credit and equity. On the role of government agencies and regulatory programmes in finance, the Government should help to deal with the financial problems of particular sectors by working with the banking system to remove legal or regulatory obstacles to constructive action, provide technical assistance and, occasionally, explicit subsidies. On the currency situation, he was of the view that after so much use of other currencies any new Palestinian currency would be vulnerable to "dollarization" unless it could prove its worth. A stable currency required Palestinian exports to be competitive enough at the outset to support the growing import requirements of a growing economy.

37. In his presentation, Mr. Mahmoud Ahmad Al Takruri, Deputy Regional Manager of the Cairo-Amman Bank in the West Bank, discussed the role of private financial institutions in building the Palestinian economy and described the economic situation in the West Bank and the Gaza Strip, with special emphasis on the role of banks. The economic development process in the territory was complicated by three factors: the delay in the disbursement of donors' pledges; slow international and diaspora investments; and the slow pace of implementation by Israel of the Oslo II agreements. He proposed a number of recommendations aimed at improvement and activization of economic growth: at the bank level - development of client awareness of banking services; development of long-term lending tools; introduction of sophisticated products and services; and focusing on productive lending as opposed to consumer type. At the national level, he recommended maintaining an open market policy, adopting an offshore banking and industrial strategy by the Palestinian Authority, establishing a risk mechanism, creating a rediscount facility and taking steps towards enhancing the overall investment environment.

38. Mr. Said Hammoud, Secretary of the Founding Committee of Salam International Investment, explained problems encountered by the Palestinian economy in developing an effective financing system and the need for revolutionizing and modernizing Palestinian approaches towards the roles played by the financing institutions. He said that the closures by Israel of the Palestinian territory prevented the free flow of goods and the population, causing hardships for the Palestinians. He proposed the establishment of a new enterprise or commerce development bank.

Round table IV. The housing sector

39. The round table was moderated by Mr. Khaled Abdel Shafie, Head of the UNDP Office at Gaza.

40. Mr. Marwan Abdul Hamid, Assistant Deputy Minister of Housing and Public Works of the Palestinian Authority, said that there was a high demand for

housing in the West Bank and the Gaza Strip, which would be affordable to low-income population groups. It would continue growing to accommodate the high rate of population growth and the expected returnees. The Palestinian Authority was working on strategies for solving the housing problem and on increasing the supply of affordable housing to low-income population groups. Strategies would focus on long-term financing by establishing a housing bank, upgrading infrastructure in low-income neighbourhoods and encouraging private sector participation in the development of the housing sector. He dealt in greater detail with the relationship between population growth and the need for housing and the role played in addressing the housing problem by the public and private sectors.

41. Mr. James Ryan, Chairman of Shahrazad Homes, devoted his presentation to factors affecting the housing situation in the West Bank. The factors that must be dealt with for affordable housing were the need for mortgage banking capability; the availability of land at reasonable prices with electricity, sewer and water availability; the availability of building materials, including finished products; and the availability of a work force capable of keeping schedules and decreasing building time. He was of the view that housing with proper financing could and should be used to stimulate the West Bank economy and, in doing so, to support the peace process.

42. Mr. Ali Sha'at, Assistant Deputy Minister of Planning and International Cooperation of the Palestinian Authority, dealt in his presentation with the refugee aspects of the housing situation. The circumstances encountered by Palestine refugees had all had an impact on the refugees' socio-economic status. Within the context of the new political changes, it was hopeful that an international agreement would be reached, which would address the unique situation of Palestine refugees. The refugee question is likely to prove the most difficult component of the Palestinian-Israeli conflict to resolve. Mr. Sha'at gave an in-depth description of the political context of the issue, its demographic and socio-economic characteristics, the health conditions of Palestine refugees, as well as their rights. He also highlighted the fact that continued rapid population growth and increasing population density, without the development of adequate housing and infrastructure, created environmental and social problems and detrimentally affected the status of the population. He called for the implementation of General Assembly resolution 194 (III) of 11 December 1948 on the question of Palestine refugees, as well as strengthened programmes of assistance to the refugees until the resolution is implemented.

43. In his presentation, Mr. Walid Hasna, Chief Engineer with the UNDP Programme of Assistance to the Palestinian People, spoke about the relationship between the construction strategy and the housing policy. The unsatisfactory housing situation was attributed to a number of constraints, including the lack of a national housing policy and implementation strategy reflecting current and prospective economic realities, inadequate delivery of land for housing, the lack of financial mechanisms that cater to the needs of the low- and middle-income groups, and high construction costs in relation to incomes. He discussed measures to be taken to relieve the contracting industry from hindering factors impeding its development. Owing to the current unemployment situation in the West Bank and the Gaza Strip, the construction strategy should also focus on promoting labour-intensive construction techniques.

44. Mr. Milad Hanna, former Chairman of the Committee on Housing and Construction of the Egyptian Parliament, said housing was a local problem and no general recipe for its solution could be offered. In the case of the Palestinian Authority, there were two sides of the equation: people and housing. This represented a unique problem and a unique challenge since the two sides of the equation were not defined. No sound housing policy could be implemented without land being made available. The Palestinian Authority had to deliver and build immediately since any delay would make the population less content and would affect the progress of the peace process. A sound housing policy required equilibrium between supply and demand, and classification for the different income groups. In conclusion, he said that unless the housing policy was introduced properly, it would lead to problems bound to affect the next generation.

45. Mr. Mohamed M. Ziara, Director-General of the Ministry of Housing and Public Works of the Palestinian Authority, speaking about the housing sector in the West Bank and the Gaza Strip, stressed the importance attached by the Authority to the question of housing. Having outlined the situation with respect to the housing conditions of the Palestinian people and their housing needs, he explained the role played by the Ministry of Housing and Public Works. As part of the Israeli-Palestinian peace process, a peace housing programme, providing a range of housing choices for buyers, would be designed to address those needs. The pilot housing projects would include such options as the development of new communities, neighbourhood development and off-site infrastructure and services. Other programmes included: the national housing strategy; data collection and analysis; international/Palestinian centres; land and housing regulations; and technical assistance and training.

IV. CLOSING SESSION

46. Closing statements were made by representatives of Egypt and Palestine. The closing remarks were made by Mr. Ibra Deguène Ka, Chairman of the Committee on the Exercise of the Inalienable Rights of the Palestinian People.

47. In his statement, Mr. Qassem El-Masry, Assistant Minister for Foreign Affairs of Egypt, said that the meeting underscored the importance attached by the international community to assistance to the Palestinian Authority. The papers presented at the Seminar contributed to the development of the Palestinian economy. He called the attention of participants to the closures by Israel of the Palestinian territory and their negative effect on the Palestinian economy. The speaker said that the peace process should be supported by the improvement of the economic and social conditions, as well as the quality of life of the Palestinian people. In that regard, he acknowledged the contribution made by the agencies of the United Nations system.

48. Mr. Nasser Al-Kidwa, Permanent Observer of Palestine to the United Nations, said that the Seminar had important political and economic implications. The meeting underscored the following points: (a) that the international community was ready to increase its support to help build the Palestinian economy; (b) that there was still a need to develop performance on both sides, the Palestinian Authority and the donor community, and that this would result in the

honouring of commitments by donors; and (c) that there was an urgent need for Israel to undertake substantive changes in its policy vis-à-vis the Palestinian Authority if there was a will to make the peace process succeed and to achieve success in building the Palestinian economy.

49. In his concluding remarks, Mr. Ibra Deguène Ka, Chairman of the Committee on the Exercise of the Inalienable Rights of the Palestinian People, said that the Committee had always attached importance to the various aspects of socio-economic development and the improvement of living conditions of the Palestinian people. Since the beginning of the Madrid peace process, and particularly in the last three years, the task of Palestinian economic reconstruction had evolved as a key factor affecting its pace and progress. It was in that period that the Committee had decided to devote a special place in its annual programmes of work to the socio-economic issues of the transitional stage. Describing the main elements of the discussion, he said that the participants had been in agreement as to the need for an accelerated disbursement by the international donor community of the pledged assistance. The view was also expressed that trade should become an important vehicle in developing a sustainable Palestinian economy, which should reduce the dependence on Israel and the need to rely heavily on various external forms of assistance. Much was said about the critical need of the Palestinian population for housing. Many participants voiced concern about the closures by the Israeli authorities of the Palestinian territory and their severe impact on economic activity in the West Bank and the Gaza Strip. He expressed appreciation to the officials of the Palestinian Authority for the information they had provided on the various measures aimed at establishing an effective Palestinian administration.